

January 8, 2018

VIA EMAIL

Jennifer Benedict, Secretary
Ocean City-Wright Fire Control District
Firefighters' Pension Trust Fund
233 Racetrack Rd. NE.
Ft. Walton Beach, FL 32547

Re: Ocean City-Wright Fire Control District Firefighters' Pension Trust Fund
Section 112.664, Florida Statutes Compliance

Dear Jennifer:

Please find enclosed the annual disclosures that satisfy the October 1, 2017 financial reporting requirements made under Section 112.664.

Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made clear in the law.

In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should contact its Investment Consultant for this information.

If there are any questions, concerns, or comments about any of the items contained in this report, please feel free to contact me.

Respectfully submitted,

Foster & Foster, Inc.

By: 

Drew D. Ballard, EA, MAAA
Enrolled Actuary #17-8193

DDB/lke

Enclosures

cc via email: H. Lee Dehner, Board Attorney

OCEAN CITY-WRIGHT FIRE CONTROL DISTRICT
FIREFIGHTERS' PENSION TRUST FUND

SECTION 112.664, FLORIDA STATUTES
COMPLIANCE

With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were prepared and completed by me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, meet the requirements of Section 112.664(1), Florida Statutes, and Rule 60T-1.0035, Florida Administrative Code.

By:  Date: 1/8/2018

Drew D. Ballard, EA, MAAA
Enrolled Actuary #17-8193



When reviewing the following schedules, please note the following:

- 1) The purpose of producing this report is solely to satisfy the requirements set forth by Section 112.664, Florida Statutes, and is mandatory for every Florida public pension fund, excluding the Florida Retirement System (FRS).
- 2) None of the schedules shown have any impact on the funding requirements of the Plan. These schedules are for statutory compliance purposes only.
- 3) In the schedules that follow, the columns labeled “ACTUAL” represent the final recorded GASB 67/68 results. The columns labeled “HYPOTHETICAL” illustrate what the results would have been if different assumptions were used.
- 4) It is our opinion that the Plan’s actual assumptions utilized in the October 1, 2017 Actuarial Valuation Report, as adopted by the Board of Trustees, are reasonable individually and in the aggregate, and represent our best estimate of future Plan experience.
- 5) The “Number of Years Expected Benefit Payments Sustained” calculated in Section II: Asset Sustainability should not be interpreted as the number of years the Plan has left until it is insolvent. This calculation is required by 112.664, Florida Statutes, but the numeric result is irrelevant, since in its calculation we are to assume there will be no further contributions to the Fund. As long as the Actuarially Determined Contribution is made each year the Plan will never become insolvent.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FISCAL YEAR SEPTEMBER 30, 2017

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	372,747	606,889	239,108
Interest	1,405,503	1,351,678	1,409,762
Changes of Benefit Terms	101,759	63,714	123,471
Differences Between Expected and Actual Experience	219,507	302,858	176,169
Changes of Assumptions	437,658	587,420	344,885
Benefit Payments, Including Refunds of Employee Contributions	(839,338)	(839,338)	(839,338)
Net Change in Total Pension Liability	1,697,836	2,073,221	1,454,057
Total Pension Liability - Beginning	18,080,691	23,256,502	14,516,187
Total Pension Liability - Ending (a)	<u>\$ 19,778,527</u>	<u>\$ 25,329,723</u>	<u>\$ 15,970,244</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	869,937	869,937	869,937
Contributions - State	281,985	281,985	281,985
Contributions - Employee	112,767	112,767	112,767
Net Investment Income	1,546,972	1,546,972	1,546,972
Benefit Payments, Including Refunds of Employee Contributions	(839,338)	(839,338)	(839,338)
Administrative Expenses	(68,321)	(68,321)	(68,321)
Net Change in Plan Fiduciary Net Position	1,904,002	1,904,002	1,904,002
Plan Fiduciary Net Position - Beginning	9,537,261	9,537,261	9,537,261
Plan Fiduciary Net Position - Ending (b)	<u>\$ 11,441,263</u>	<u>\$ 11,441,263</u>	<u>\$ 11,441,263</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 8,337,264</u>	<u>\$ 13,888,460</u>	<u>\$ 4,528,981</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.50% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2017	11,441,263	-	1,060,098	-	818,341	11,199,506
2018	11,199,506	-	1,182,154	-	795,632	10,812,984
2019	10,812,984	-	1,183,526	-	766,592	10,396,050
2020	10,396,050	-	1,224,787	-	733,774	9,905,037
2021	9,905,037	-	1,245,391	-	696,176	9,355,822
2022	9,355,822	-	1,282,832	-	653,580	8,726,570
2023	8,726,570	-	1,283,497	-	606,362	8,049,435
2024	8,049,435	-	1,357,081	-	552,817	7,245,171
2025	7,245,171	-	1,377,700	-	491,724	6,359,195
2026	6,359,195	-	1,375,502	-	425,358	5,409,051
2027	5,409,051	-	1,441,391	-	351,627	4,319,287
2028	4,319,287	-	1,411,957	-	270,998	3,178,328
2029	3,178,328	-	1,419,302	-	185,151	1,944,177
2030	1,944,177	-	1,425,232	-	92,367	611,312
2031	611,312	-	1,431,841	-	-	-

Number of Years Expected Benefit Payments Sustained: 14.43

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.50% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2
Hypothetical Assumptions: 5.50% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2017	11,441,263	-	1,060,098	-	600,117	10,981,282
2018	10,981,282	-	1,182,154	-	571,461	10,370,589
2019	10,370,589	-	1,183,526	-	537,835	9,724,898
2020	9,724,898	-	1,224,787	-	501,188	9,001,299
2021	9,001,299	-	1,245,391	-	460,823	8,216,731
2022	8,216,731	-	1,282,832	-	416,642	7,350,541
2023	7,350,541	-	1,283,497	-	368,984	6,436,028
2024	6,436,028	-	1,357,081	-	316,662	5,395,609
2025	5,395,609	-	1,377,700	-	258,872	4,276,781
2026	4,276,781	-	1,375,502	-	197,397	3,098,676
2027	3,098,676	-	1,441,391	-	130,789	1,788,074
2028	1,788,074	-	1,411,957	-	59,515	435,632
2029	435,632	-	1,419,302	-	-	-

Number of Years Expected Benefit Payments Sustained: 12.31

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.50% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 9.50% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2017	11,441,263	-	1,060,098	-	1,036,565	11,417,730
2018	11,417,730	-	1,182,154	-	1,028,532	11,264,108
2019	11,264,108	-	1,183,526	-	1,013,873	11,094,455
2020	11,094,455	-	1,224,787	-	995,796	10,865,464
2021	10,865,464	-	1,245,391	-	973,063	10,593,136
2022	10,593,136	-	1,282,832	-	945,413	10,255,717
2023	10,255,717	-	1,283,497	-	913,327	9,885,547
2024	9,885,547	-	1,357,081	-	874,666	9,403,132
2025	9,403,132	-	1,377,700	-	827,857	8,853,289
2026	8,853,289	-	1,375,502	-	775,726	8,253,513
2027	8,253,513	-	1,441,391	-	715,618	7,527,740
2028	7,527,740	-	1,411,957	-	648,067	6,763,850
2029	6,763,850	-	1,419,302	-	575,149	5,919,697
2030	5,919,697	-	1,425,232	-	494,673	4,989,138
2031	4,989,138	-	1,431,841	-	405,956	3,963,253
2032	3,963,253	-	1,432,408	-	308,470	2,839,315
2033	2,839,315	-	1,480,566	-	199,408	1,558,157
2034	1,558,157	-	1,493,445	-	77,086	141,798
2035	141,798	-	1,480,068	-	-	-

Number of Years Expected Benefit Payments Sustained: 18.10

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.50% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,141,828	\$1,575,071	\$811,407
Total Required Contribution (% of Payroll)	54.5%	75.1%	38.7%
Expected Member Contribution	146,692	146,692	146,692
Expected State Money	261,635	261,635	261,635
Expected Sponsor Contribution (Fixed \$)	\$733,501	\$1,166,744	\$403,080
Expected Sponsor Contribution (% of Payroll)	35.0%	55.6%	19.2%

ASSETS

Actuarial Value	10,759,573	10,759,573	10,759,573
Market Value	11,441,263	11,441,263	11,441,263

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	10,552,644	15,320,517	7,695,187
Disability Benefits	88,201	123,685	65,701
Death Benefits	51,177	71,611	37,556
Vested Benefits	864,303	1,515,599	521,858
Refund of Contributions	91,750	100,025	84,478
Service Retirees	10,054,269	12,380,802	8,424,609
Beneficiaries	0	0	0
Disability Retirees	248,005	322,510	200,666
Terminated Vested	691,952	982,126	510,660
Total:	22,642,301	30,816,875	17,540,715
Present Value of Future Salaries	16,644,422	18,800,897	14,936,692
Present Value of Future Member Contributions	1,165,110	1,316,063	1,045,568
Total Normal Cost	375,047	621,784	234,430
Present Value of Future Normal Costs (Entry Age Normal)	2,884,273	5,453,143	1,606,947
Total Actuarial Accrued Liability	19,758,028	25,363,732	15,933,768
Unfunded Actuarial Accrued Liability (UAAL)	8,998,455	14,604,159	5,174,195

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	389,111	638,883	245,565
Administrative Expenses (with interest)	70,883	70,200	71,566
Payment Required To Amortize UAAL (with interest)	681,834	865,988	494,276
Total Required Contribution	\$1,141,828	\$1,575,071	\$811,407